

Consumer Taxes

TVQ. 169.3-1

Supply by Way of Sale of Work-in-Progress

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Reference(s): *An Act respecting the Québec sales tax (CQLR, c. T-0.1), sections 1 and 169.3*

This version of interpretation bulletin TVQ. 169.3-1 replaces the version of interpretation bulletin TVQ. 198-2 dated May 31, 1996. It was revised to take into account amendments to the Act respecting the Québec sales tax regarding the supply of financial services—which has been exempt under the QST system since January 1, 2013—and to harmonize with the GST/HST system.

This bulletin discusses how the *Act respecting the Québec sales tax (AQST)* applies to a supply by way of sale of work-in-progress.

APPLICATION OF THE ACT

1. Under paragraph 4 of the definition of financial service in section 1 of the AQST, and pursuant to section 169.3 of the AQST, the transfer of ownership of a financial instrument constitutes a supply of an exempt financial service under the Québec sales tax system.
2. In this context, a supply by way of sale of work-in-progress can be considered as the transfer of ownership of a debt security, i.e. the transfer of ownership of a financial instrument, provided that the work-in-progress can be defined as representing the value of the considerations for the work done and in respect of which work those considerations have become due.
3. Thus, under section 169.3 of the AQST and subject to the above conditions, a supply by way of sale of such work constitutes an exempt supply of a financial service.
4. This bulletin has effect from January 1, 2013.